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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

CARL J. KUNASEK  
Chairman  
JIM IRVIN  
Commissioner  
WILLIAM A. MUNDELL  
Commissioner

NEW  
DEC 22 P 2:45  
ARIZONA CORPORATION COMMISSION  
DOCUMENT CONTROL

In the matter of:

Docket No. S-03438A-00-0000

THE CHAMBER GROUP, INC.,  
an Arizona Corporation, a/k/a  
CHAMBER FINANCIAL GROUP and  
CHAMBER FINANCIAL  
1060 Sandretto Drive, Suite A  
Prescott, Arizona 86305; and  
1550 South Alma School, Suite #103  
Mesa, Arizona 85210

TEMPORARY ORDER TO CEASE  
AND DESIST AND NOTICE OF  
OPPORTUNITY FOR HEARING

JOSEPH L. HILAND  
135 South Summit  
Prescott, Arizona 86304

TYSON J. HILAND  
3094 Shoshone Place  
Prescott, Arizona 86301

TRAVIS D. HILAND  
4801 North Meixner Road  
Prescott Valley, Arizona 86314,

Respondents.

NOTICE: THIS ORDER IS EFFECTIVE IMMEDIATELY

EACH RESPONDENT HAS 20 DAYS TO REQUEST A HEARING

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondents JOSEPH HILAND, TYSON HILAND, TRAVIS HILAND and THE CHAMBER GROUP, INC. (a/k/a CHAMBER FINANCIAL GROUP and CHAMBER FINANCIAL) have engaged in, are engaging in, or are about to engage in acts and

1 practices that constitute violations of both A.R.S. § 44-1801 *et seq.*, the Securities Act of Arizona  
2 (“Securities Act”) and A.R.S. § 44-3101 *et seq.*, the Arizona Investment Management Act (“IM  
3 Act”), and that the public welfare requires immediate action.

4 **I.**

5 **JURISDICTION**

6 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
7 Arizona Constitution, the Securities Act, and the IM Act.

8 **II.**

9 **RESPONDENTS**

10 2. THE CHAMBER GROUP, INC., at times d/b/a CHAMBER FINANCIAL GROUP  
11 or CHAMBER FINANCIAL (collectively “CHAMBER”), whose last two known addresses were  
12 1060 Sandretto Drive, Suite A, Prescott, Arizona, 86305, and 1550 South Alma School, Suite 103,  
13 Mesa, Arizona, 85210, is an Arizona corporation currently involved in the insurance, financial  
14 planning and investment services industry.

15 3. JOSEPH HILAND, whose last known address was 135 South Summit, Prescott,  
16 Arizona, 86304, is a principal and salesman for CHAMBER. While employed in these  
17 capacities, JOSEPH HILAND has offered and sold a variety of securities to multiple Arizona  
18 investors.

19 4. TYSON HILAND, whose last known address was 3094 Shoshone Place,  
20 Prescott, Arizona, 86301, is a representative and salesman of CHAMBER. While employed in  
21 these capacities, TYSON HILAND has offered and sold a variety of security interests to multiple  
22 Arizona investors.

23 5. TRAVIS HILAND, whose last known address was 4801 North Meixner Road,  
24 Prescott Valley, Arizona, 86314, is the President and Chief Executive Officer (“CEO”) of  
25 CHAMBER.

26 6. These respondents may be collectively referred to as “RESPONDENTS.”



1           14.     These fractionalized CD investments were offered and sold by RESPONDENTS  
2 through a California dealer by the name of San Clemente Securities, Inc. ("SCS").

3           15.     RESPONDENTS directed investor funds from their CD program to SCS's clearing  
4 correspondent, CIBC Oppenheimer ("CIBC"), who would then credit investors with ownership of a  
5 portion of a CD owned by SCS. Investors in this CD program were unaware that their investment  
6 funds were being pooled by SCS to finance its own purchase of larger CDs from various issuing  
7 banks.

8           16.     Investors in this CD investment program never received physical custody of their  
9 fractionalized CDs; possession and control of the CDs remained with SCS and/or its clearing agents.

10          17.     RESPONDENTS did not disclose to investors whether the ownership of their  
11 fractionalized CDs would be properly documented so as to ensure FDIC coverage for their  
12 investments.

13          18.     As part of this program, RESPONDENTS, SCS and/or CIBC searched for and  
14 selected CD issuing banks with favorable rates of return, processed investments, preserved records,  
15 tracked investment returns, and provided a level of liquidity for these CDs through the creation of  
16 secondary markets.

17          19.     In connection with the offer and sale of these CDs, RESPONDENTS specifically  
18 represented to investors that the CDs were "one year" CDs, and that investors could cash in these  
19 CDs after a year without financial penalty.

20          20.     Many investors, including a large segment of elderly investors, relied on this  
21 liquidity feature when purchasing their CD investments from RESPONDENTS.

22          21.     Several months after making these CD investments, investors began learning that  
23 their CDs were in fact "20 year" CDs, and that the callable feature on these CDs was applicable only  
24 to the CDs' issuing banks.

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26 ...

1           22.     JOSEPH HILAND and TYSON HILAND subsequently told investors that they  
2 could liquidate their CDs prior to the 20 year maturity date, but only at a substantial discount to the  
3 principal amounts the investors had actually invested.

4           23.     Many investors, needing cash to meet medical bills or other personal expenses, were  
5 forced into liquidating their fractionalized CDs through RESPONDENTS at a substantial loss. The  
6 liquidation costs have ranged from approximately 10% to 20% of the investors' principal.

7           24.     RESPONDENTS are presently continuing to offer and/or sell these securities from  
8 their Prescott, Arizona and Mesa, Arizona locations.

9                           **B. Miscellaneous Investment Contract Programs**

10           25.     From at least 1998, RESPONDENTS have offered and sold other investment  
11 contracts to Arizona investors including tax lien programs, life settlement investment contracts  
12 (hereinafter "viaticals"), and ATM-like investment programs.

13           26.     RESPONDENTS' sales of tax lien investments have been processed through the  
14 company TLC America, a/k/a TLC Marketing ("TLC"). TLC uses these investor funds to  
15 selectively purchase tax liens on various pieces of real estate across the country. Through these  
16 efforts, TLC guarantees fixed rates of return to investors.

17           27.     TLC claims that it purchases tax liens in states where the statutes provide favorable  
18 redemption periods and penalties, allowing TLC to provide an "impressive" return to investors and  
19 "still provide TLC with a good profit."

20           28.     TLC also indicates that both the investor and the company will be named as co-  
21 tenants on any property deeds obtained by TLC.

22           29.     RESPONDENTS disclose none of the investment risks inherent to this tax lien  
23 program, including the possibility that property owners will decline to redeem their lien-encumbered  
24 properties within the statutory redemption periods.

25           30.     RESPONDENTS also continue to offer and/or sell viaticals to investors through at  
26 least one company specializing in the purchase of life insurance policies on terminally ill and/or

1 elderly patients. The purchase of insurance policies by this viatical company is guided in part by the  
2 company's life expectancy projections.

3 31. RESPONDENTS further offer potential investors investments in a voucher machine  
4 program for a minimum investment of \$4,000.

5 32. Under this program, investments are funneled from RESPONDENTS to a company  
6 by the name of MVP, which distributes certain voucher machines, similar in form to the more  
7 common ATM machines, to merchants around the country. These voucher machines charge  
8 consumers a nominal fee for using the machine that is subsequently split between the merchant, the  
9 investor and, if applicable, the service manager.

10 33. As part of this voucher program, RESPONDENTS offer management services for  
11 these machines to investors through one company, Douglas Network Enterprises ("DNE").

12 34. According to offering documents, DNE's services with this program would include  
13 "finding high traffic locations, installation, servicing and the monitoring of high quality money  
14 vouchers." For these services, DNE receives a percentage of the proceeds from each transaction.

15 35. RESPONDENTS are presently continuing to offer and/or sell these various  
16 investment contract securities from their Prescott, Arizona and Mesa, Arizona locations.

17 **IV.**

18 **VIOLATION OF A.R.S. § 44-1841**

19 **(Offer and Sale of Unregistered Securities)**

20 36. From at least 1998 forward, RESPONDENTS have offered or sold securities, in the  
21 form of investment contracts, evidence of indebtedness and/or viaticals, within or from Arizona.

22 37. The securities referred to above were not registered pursuant to Articles 6 or 7 of the  
23 Securities Act.

24 38. This conduct violates A.R.S. § 44-1841.

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V.

**VIOLATION OF A.R.S. § 44-1842**

**(Transactions by Unregistered Dealers or Salesmen)**

39. RESPONDENTS offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

40. This conduct violates A.R.S. § 44-1842.

VI.

**VIOLATION OF A.R.S. § 44-1991**

**(Fraud in Connection with the Offer or Sale of Securities)**

41. In connection with the offer or sale of securities within or from Arizona, RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. The conduct of Respondents JOSEPH HILAND, TYSON HILAND and/or CHAMBER includes, but is not limited to, the following:

a) JOSEPH HILAND, TYSON HILAND and CHAMBER misrepresented to investors that the fractionalized CDs they were selling could be redeemed by investors in one year without penalty, when in fact these CDs were subject to full redemption by investors only after a 20 year term.

b) JOSEPH HILAND, TYSON HILAND and CHAMBER misrepresented to investors that the CD investments were risk-free investments, when in fact an early liquidation of these CDs prior to their 20 year maturity dates posed a substantial risk of loss as to the investors' principal.

...

1 c) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to disclose to  
2 investors that the CDs at issue were callable after one year only at the discretion of the CD  
3 issuing banks.

4 d) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to disclose to  
5 investors the risks associated with these CD investments presented by the inherent  
6 fluctuations in the CDs' market value.

7 e) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to disclose to  
8 investors the commissions and fees that these respondents were charging and receiving in  
9 connection with the sale of these CD investments.

10 f) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to provide adequate  
11 disclosure statements outlining the details of their CD investment program.

12 g) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to disclose to  
13 investors the risks associated with the various alternative investment contract programs these  
14 respondents were selling and/or offering for sale.

15 h) JOSEPH HILAND, TYSON HILAND and CHAMBER failed to disclose to  
16 investors the commissions and fees that these respondents would be receiving in connection  
17 with the sale of these alternative investment contract programs.

18  
19 42. This conduct violates A.R.S. § 44-1991.

20 43. Respondent TRAVIS HILAND directly or indirectly controlled CHAMBER,  
21 TYSON HILAND and JOSEPH HILAND within the meaning of A.R.S. § 44-1999. Therefore,  
22 TRAVIS HILAND is liable to the same extent as CHAMBER, TYSON HILAND and JOSEPH  
23 HILAND for their multiple violations of A.R.S. § 44-1991.

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**VII.**

**VIOLATION OF A.R.S. § 44-3151**

**(Transactions by Unlicensed Investment Advisers or Investment Adviser Representatives)**

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3 44. From at least 1998 forward, RESPONDENTS have conducted business in Arizona  
4 as investment advisers and/or investment adviser representatives, even though they have not been  
5 licensed in Arizona in compliance with the licensing provisions of Article 4 of the IM Act.  
6

7 45. This conduct violates A.R.S. § 44-3151.

**VIII.**

**VIOLATION OF A.R.S. § 44-3241**

**(Fraud in the Provision of Investment Advisory Services)**

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11 46. In connection with the transactions within and/or from Arizona involving the  
12 provision of investment advisory services, RESPONDENTS directly or indirectly: (i) employed a  
13 device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state  
14 material facts which were necessary in order to make the statements made not misleading in light of  
15 the circumstances under which they were made; (iii) misrepresented professional qualifications  
16 with the intent that clients rely on such misrepresentations; or (iv) engaged in transactions,  
17 practices or courses of business which operated or would operate as a fraud or deceit upon offerees  
18 and investors within the meaning of A.R.S. § 44-3241. The conduct of RESPONDENTS  
19 includes, but is not limited to, the following:  
20

21 a) Misrepresenting to investors that one or more of the RESPONDENTS were  
22 licensed financial advisors, when in fact none of the RESPONDENTS held any such  
23 qualifications;

24 b) Failing to disclose to investors that RESPONDENTS were not licensed or  
25 registered to provide investment advisory services within Arizona;  
26

...

1 c) Advising that RESPONDENTS' CD investment program was guaranteed and that  
2 the principal amounts on these investments were fully secure, when in fact such claims had  
3 no factual basis.

4 d) Advising that RESPONDENTS' that the various other investment contract  
5 programs, including the tax lien program, the voucher program and the viatical program,  
6 would produce guaranteed returns, when in fact such claims had no factual basis.

7 **IX.**

8 **TEMPORARY ORDER**

9 **Cease and Desist from Violating the Securities Act and Investment Management Act**

10 THEREFORE, based on the above allegations, and because the Division has determined that  
11 the public welfare requires immediate action,

12 IT IS ORDERED, pursuant to A.R.S. §§ 44-2032, 44-1972, 44-3292, 44-3212 and A.A.C.  
13 Rule 14-4-307, that the RESPONDENTS, their agents, servants, employees, successors, assigns,  
14 and those persons in active concert or participation with them, CEASE AND DESIST from any  
15 violations of the Securities Act or the Investment Management Act.

16 IT IS FURTHER ORDERED that this Temporary Order to Cease and Desist shall remain in  
17 effect for 120 days unless sooner vacated, modified or made permanent by the Commission.

18 IT IS FURTHER ORDERED that this Order shall be effective immediately.

19 **X.**

20 **REQUESTED RELIEF**

21 The Division will request that the Commission grant the following relief against  
22 RESPONDENTS:

23 1. Order RESPONDENTS to permanently cease and desist from violating the  
24 Securities Act, pursuant to A.R.S. § 44-2032;

25 2. Order RESPONDENTS to permanently cease and desist from violating the  
26 Investment Management Act, pursuant to A.R.S. § 44-3292;



